

## **FLOOD CONTROL ADVISORY BOARD**

### **MINUTES**

January 24, 2001

The monthly meeting of the Flood Control Advisory Board was called to order by Chairman Patel at 2:03 p.m. on Wednesday, January 24, 2001.

**Board Members Present:** Hemant Patel, Chairman; Mike Saager, Secretary; Melvin Martin; Scott Ward; Ray Dovalina (for Tom Callow, Ex Officio); Paul Cherrington, Ex Officio.

**Board Members Absent:** Shirley Long, Vice Chair.

**Staff Members Present:** Mike Ellegood, Chief Engineer and General Manager; Julie Lemmon, General Counsel; Tim Phillips, Project Manager; Joe Young, Chief Financial Officer; Dick Perreault, CIP/Policy Branch Manager; Kathy Smith, Clerk of the FCAB; Monica Ortiz, Administrative Coordinator.

**Guests Present:** Fred Duren, Huitt-Zollars; Brian Fry, Dibble & Assoc.; Teri George, David Evans & Associates; Charlie Joy, Huitt-Zollars; Bryan Patterson, City of Chandler; Monica Perez, HDR Engineering.

#### 1) RECOGNITION OF THE FCD EMPLOYEES OF THE QUARTER

Mazen Muradvich, Employee of the Quarter Chairman, introduced David Norton, Maintenance Technician, as Employee of the Quarter for the third quarter of 2000 and Bing Zhao, Civil Engineer, as Employee of the Quarter for the fourth quarter of 2000.

#### 2) APPROVAL OF THE MINUTES OF THE MEETING OF DECEMBER 6, 2000

Ms. Lemmon asked for a correction to the minutes. Ms. Lemmon noticed on page 6 that she made the statement that “the only thing that really does govern the Board members is the conflict of interest laws . . .” Ms. Lemmon stated that there are other laws that govern the Board as a public body. She will put together some background information for the Board so they will be fully aware of what governs them.

**ACTION:** It was moved by Mr. Ward and seconded by Mr. Cherrington to approve the minutes as amended. The motion carried unanimously.

3) QUEEN CREEK/SANOKAI WASH HYDRAULIC MASTER PLAN

Tim Phillips, Project Manager, presented Resolution FCD 2001R001, which will ask the Board of Directors to adopt the Queen Creek/Sanokai Wash Hydraulic Master Plan and recommend that the Maricopa County Board of Supervisors adopt the Master Plan as a planning tool to maintain the hydraulic conveyance of the 100-year storm in Queen Creek and Sanokai Wash. In addition, the Resolution authorizes the negotiation of IGAs with Maricopa County, the Towns of Gilbert and Queen Creek and other parties, as appropriate.

The primary purpose of the Queen Creek study was to provide to the communities of Gilbert and Queen Creek, as well as Maricopa County, a set of design guidelines they could use to maintain the conveyance within the channels pending development. The specific goals were to maintain the hydraulic conveyance, look at recreational & landscaping opportunities, develop concepts & preliminary costs, and identify right-of-way, utilities and limitations & constraints.

The preliminary costs for the Queen Creek improvements are about \$8 million and approximately \$25 million for Sanokai Wash. These are the total project costs that would be shared by the benefiting communities, any development interests, as well as the District.

Staff recommends that the Flood Control Advisory Board approve and recommend that the Board of Directors adopt Resolution FCD 2001R001 and recommend that the Maricopa County Board of Supervisors adopt the Queen Creek/Sanokai Wash Hydraulic Master Plan.

Discussion:

*Patel:* I recall there was another work item in Queen Creek about a year ago.

*Phillips:* That was the reach between Power Road and Hawes Road, where we entered into an IGA with the Town of Queen Creek where they would lead the design effort and construction, and we are a cost share partner for the improvements.

*Cherrington:* You had a slide that showed the difference in delineations between FEMA and the District.

*Phillips:* There are delineations that we have done in-house that haven't gone forward to FEMA.

*Cherrington:* You just haven't submitted them to FEMA?

*Phillips:* Right. There are some delineations that we utilize strictly for planning in-house that don't necessarily go to FEMA.

*Ward:* The 100+ acres that you own along the East Maricopa Floodway, what are the plans and how are you going to work with the Town of Gilbert on that basin?

*Phillips:* We just finished the selection process for the design consultant and the Town's Parks & Recreation Director was involved in the selection process for the consultant. Essentially, the Town has an idea of what they want that 300 acres to look like, as far as a multi-use amenity. We told them that we want them involved in the design process. We will build the flood control feature so that it's compatible with the end multi-use. They have been involved in the study efforts since we started the corridor study on the EMF.

*Martin:* I don't understand why you want to keep going up north and not straight across to the East Maricopa Floodway and take care of the water in that direction. Or, why wouldn't you hook up the two projects at Ocotillo Road? Why isn't that running straight down Ocotillo and run it out to the floodway?

*Phillips:* We found that there is an existing watercourse that we can improve rather than build a whole new channel along Chandler Heights or Riggs Road.

*Martin:* You are going to put in 200 acres of basins in that area?

*Phillips:* Right. Essentially, these are spread out to try to keep the channel size to a minimum. Without the basins, potentially this channel would have to be much bigger. There are a couple of

detention basins along the way that provide the greatest effect to detain the water so that the channel can be smaller.

*Martin:* Do we own any of that land in there?

*Phillips:* No. We don't own any of the land within either of the watercourses. The Town of Queen Creek has a couple of parcels they are considering purchasing. They've been involved in this study and recognize there is a multi-use value in those basins. Typically, the developer will dedicate the land the channel would be in to the Town, so over time, the Town of Queen Creek will own all of Queen Creek and Sanokai Wash.

*Martin:* Are they going to get credit for that?

*Phillips:* That would be between the developer and the Town. We will probably look at someone that wants to come in and improve the channel, then potentially there is some cost sharing we would be willing to do in line with the development of the master plan in maintaining the watercourses.

*Martin:* What is the elevation drop from where you started with your 58-acre basin and the East Maricopa Floodway?

*Phillips:* Fred Duren may be able to answer that.

*Duren:* That part is fairly steep as it comes out of Pinal County into Maricopa County.

*Martin:* It will flow north?

*Phillips:* The water comes off the mountains and will eventually get into the Sanokai Wash.

*Patel:* I take it that in this situation we are taking water from Pinal County. Is there a blanket IGA with Pinal County so that if any future development occurs on their side of the line that they will just see this as an outfall that they continue maintaining that runoff?

*Ellegood:* To my knowledge we have no IGA with Pinal County to that effect. We take Pinal County water as we do Yavapai County and the other counties that surround us and pass it through. We also have several flood control structures in Pinal County.

*Patel:* So there is no State statute that would require them to make sure that they maintain their runoff to the same level.

*Ellegood:* Not that I'm aware of.

*Lemmon:* The common law in Arizona is that you have to discharge water off your property the same way it came in – you can't increase it. As to the Government having a requirement at the county line that they adjust that appropriately, there is no State law. The State statute does allow us, or any county flood control district, to go into an adjoining county and build structures to protect your own county as long as it's for the protection of your own county. We can't do it to help Pinal County, but we can do it where it benefits Maricopa County. That's the only statute I'm aware of. I don't believe there is anything in State law that says that Pinal County has to "police" the water in Queen Creek or Sanokai Wash as it leaves the County line. They have the same floodplain zoning requirements that we have, and all the counties in Arizona have. So, to some degree you have some things that are the same, but in terms of development, they develop in a very different way.

*Saager:* I beg to differ. I think that Pinal does have different stipulations. They are really quite difficult to deal with now. I would consider hiring an outside consultant, aside from the County, like maybe the likes of a Tim Bray, or somebody like that. To me that would be an issue being this close to the boundary of Pinal County, because there is a lot of talk going on about the frustration Pinal is having with Maricopa County. As we all know, they have much more flooding issues in Pinal than we do in Maricopa County. I just had a zoning case, and their requirements for flood control were entirely different than the ones I had in Surprise, Arizona as opposed to the ones I had in Casa Grande. I'd be happy to share those cases with you, Julie.

*Lemmon:* When I said they would be the same, I would say the State statute requires everyone to do floodplain zoning. How they implement it, especially when you get to the drainage level, it is very different.

*Saager:* All I'm trying to do is have a safety net. Right now they are considering if they should use the old floodplain maps from back when they had floods 20 years ago; should they use recent ones or the old FEMA ones? As much money as we are talking about spending here, I think just a couple of phone calls or some documentation from Pinal would be appropriate so we don't have a problem down the road. The water laws are changing rapidly, and again Tim Bray is the best I've every dealt with in the State, knowing each of the counties' rules and regulations. Also, another concern I have is the adoption process; who initiated this? Is this initiated by the likes of Queen Creek and Gilbert, or is the County initiating this, and do we have to go back to them and work out some kind of cost share agreement? To me, what we are hearing about the doom and gloom of the economy, it would be nice, other than in a public forum, if the Advisory Board got together to see what the direction is and what the economy is doing, etc. I hear things were slowing up significantly in places like that, and when we are talking this kind of money. Did we adopt this and are trying to get these cities to come in and join with us, or are they approaching us?

*Phillips:* The study effort started out with Queen Creek essentially asking us if we would provide them a tool that they could use to maintain their water courses. As far as the adoption process, it is a mutual item in that Queen Creek is going to adopt it so that they can officially use it as a tool, we, the County, should probably do the same thing. Because there are unincorporated lands within the County that we need to use the same tools so that it can be adopted uniformly along the watercourse.

*Saager:* Mike, have you looked at where the growth is going right now? We are so far behind in flood control issues in the Town of Surprise and places like Laveen. Queen Creek is starting to slow down because there is no way the people can get out there and buy homes; that market is starting to stagnate a little bit. To me it seems there would be some other issues that we would want to address first on the west side. All the movement is going out that way now.

*Ellegood:* You are absolutely correct and, in fact, we have quite a large number of projects in the west valley. The two fastest growing areas in the valley are the northwest valley (north of I-10) and up to the White Tanks Mountains. The other portion is the southeast county (Chandler, Gilbert, and Queen Creek area). It may not be growing as fast as when we started these studies, but all indications are that that it would continue. The projects that have been identified there still need to be put into a CIP and still need to be prioritized. So, before we would make this major investment, clearly there needs to be a need for it. Getting back to your earlier point, I do think that's a point well taken that we do need to collaborate and coordinate with Pinal County. If we spend the \$24 million in this infrastructure, we wouldn't want to see its capacity challenged because we have a whole subdivision in Pinal County trying to drain into it.

*Saager:* I've been personally sued on four subdivisions out of the last six I've done. For whatever reason, Pinal County looks at Maricopa County as somebody with deep pockets and somebody they are frustrated with anyway, with the Santans and everything that's happening over there. There's a lot of negative press, and to me just a couple of phone calls and retaining a couple of guys, outside of the County so that Pinal doesn't think we are ganging up on them, would make some sense. I met with City officials from the Town of Surprise two weeks ago, and they have 58 projects that have at least gone through the P&Z approved, and there is so much virgin territory out there it's going to turn into another problem like SRP has in Laveen. I just don't see that kind of growth going out there in Queen Creek. The bureaucrats in Queen Creek are much more aggressive in my estimation than the ones in Surprise, so it sounds to me like the one that's making the most noise is getting the most attention from the County. Where we really need to look is to educate the Town of Surprise because they are going to get caught.

*Ellegood:* I appreciate your comment and we will look into that.

*Saager:* Do you have any comments to that Paul? Don't you see the same trend or maybe not?

*Cherrington:* I can see where you can't start a project and something shifts a little, you can't throw out the whole process that you've developed. I'm curious, let's say Pinal County were to

pave everything from the mountains down to the County line, do we have some kind of process where we see what they are doing and how it affects us? They could effectively double the flows coming across that line or relocate it. How do we deal with that?

*Lemmon:* I'm really not sure what your remedy would be at this point. You could certainly look into it. If you found one development that was causing problems, then you would have somebody you could look to. There is a developing line of cases about the guy at the end of the watershed who never ever had water and suddenly the whole world develops above him and there are some cases in that area, but nothing I can tell you right now would be something you could absolutely, positively do. I wish I could be more helpful. I'll certainly look into it and see if I can come up with some suggestions. I also do meet quarterly with the County attorneys who do public works, so I am familiar with the County Planning & Zoning attorneys in Pinal County and will do my best to put Mike in touch with them and people that could maybe be looking at this issue. There is one big development out there, just on the other side – Johnson Ranch?

*Phillips:* Johnson Ranch is quite a bit further down.

*Patel:* Right now we are not approving funding for these improvements?

*Phillips:* That's correct. You are essentially endorsing the study effort that identifies a master plan that can be utilized as a tool.

*Patel:* The improvements would have to go through the process?

*Phillips:* The CIP process as well as cost sharing, IGAs, etc.

*Ward:* In defense of these guys, this is an area I know really well. This is probably a worst case scenario. You are probably familiar with the Seville project. I was the project manager initially on that, and that is going to really help as these flows come off the Santan Mountains, there are different valley gutters that run along Riggs Road and Chandler Heights Road that is going to convey water to the East Maricopa Floodway. I think some of these basins might be the worst case scenario, when some of these other developments come in and you look at them. I don't beg to differ with you, Mike, but I'm really involved in there and there is some really substantial growth that's taking place and I think this is really the worst case. As these guys get into it, they'll find out that private development is going to be a great help to them.

*Phillips:* When we did this study, the size of the channels were based on our future condition.

We are accounting for development and on-site retention in developing the size of the channels.

*Saager:* When I used to do things in Scottsdale, I use to pay a ton of money for drainage and things down stream, etc. If we have already identified a huge project in there, is the Town of Queen Creek talking in their deliberations about some of these? It seems like we're just kind of missing that and with the potential downturn of the economy, I would like to have some kind of session that we really prepare for the downturn of the economy, where we're going and what's happening, etc. Maybe as a quorum we can give you a report or include you and some of the upper management people and just get a direction of where we are going. I still have people calling me all the time about that project up in Paradise Valley and how we are spending this money and we're not preparing ourselves for the downturn, etc.

*Ellegood:* We go through an almost constant strategic planning cycle in the District. We base our economic projections on data given to us by the County, prepared by Elliott Pollack.

*Saager:* I think those of us on this Board have a real pulse of what's on the market. You are going through a lot of layers and a lot of bureaucrats, etc. when you are getting reports from the County; those aren't the guys in the trenches. Elliott Pollack is a great guy, but I don't see Elliott doing a whole lot of deals, I hear him doing a whole lot of speaking. Yes, he does do studies, etc., but he's not going to the hearings and hearing what's happening and the cutbacks that some of the cities are having. We all heard that Scottsdale finally put down that project up north with their huge Army Corps deal up by the TPC. Those bureaucrats are scared to death. Now I was real surprised that that was disapproved because they already spent about \$15-20 million of taxpayer money. But that should be a sign to all that we need to reevaluate where we're going.

*Ellegood:* I think there are several things along that line that need to be evaluated, not only the economics, but also the will of the general sense of people in the valley to try to slow growth down. I think that is a force that has not yet been dealt with appropriately. Clearly, the defeat of Proposition 202 doesn't mean that people want growth, it simply means that the thing that was proposed went too far as the campaign suggested. To get back to your point, I would welcome the opportunity to sit in a session with the Advisory Board members who have your pulse on the development indices out there. Maybe we could use that data as a better method to forecast where we need to go and what we need to be doing.

*Patel:* So you will put on a Special Session.

*Ellegood:* I welcome that and ask that Kathy, Clerk of the Board, try to set something up in the next 60 days.

*Ward:* My first meeting was in December and I did a lot of soul searching when you did a presentation on the project you have in Goodyear. You have four or five major arterials that do not have all of their crossings to them and you have the municipal services in downtown Goodyear and to the west of it you have a whole group of families. Being a father and an ex-teacher, you're really concerned about how do you get police and fire protection to these people if we get two consecutive 100-year floods. I've talked to this group a lot about really sitting down and having these types of priorities all over the valley and looking at our emergency situations, looking at an overall need within Maricopa County.

*Patel:* Maybe that can be worked into the special session.

**ACTION:** It was moved by Mr. Ward and seconded by Mr. Cherrington to approve staff recommendations. The motion carried unanimously.

#### 4) HIGLEY AREA DRAINAGE MASTER PLAN

Tim Phillips, Project Manager, presented Resolution FCD 2001R003, which will ask the Board of Directors to adopt the Higley Area Drainage Master Plan and to recommend that the Maricopa County Board of Supervisors adopt the Master Plan as a planning tool to provide for flood control infrastructure to collect, convey and dispose of the 100-year storm flows that collect along the Salt River Project Eastern and Consolidated Canals and the railroad embankment east of Arizona Avenue. In addition, the Resolution authorizes the negotiation of IGAs with Maricopa County, the Town of Gilbert, the Cities of Chandler and Mesa, and other parties, as appropriate.

The purpose of the Higley Area Drainage Master Plan was to quantify the extent of flooding problems within the area and develop alternative solutions to flooding problems. The study effort goals were to quantify the extent of flooding, develop concepts, develop costs, and identify opportunities and constraints.

The total project cost (does not reflect cost shares) for the Higley ADMP, which includes land cost, design, construction and construction management, is approximately \$217 million. If the District were to build the features identified in the Master Plan it would take the next 5-20 years. This is the magnitude of costs that the District and our partners would be looking at for the infrastructure to be built.

Staff recommends that the Flood Control Advisory Board approve and recommend that the Board of Directors adopt Resolution FCD 2001R003 and recommend that the Maricopa County Board of Supervisors adopt the Higley Area Drainage Master Plan.

Discussion:

*Patel:* What is the timeline for the Santan Freeway, and if that happens in the next few years, does that mean that we have to budget our work at that time?

*Phillips:* For the Santan features, we would do those if the opportunity existed with ADOT. It might be that they're going to do the work and we would cost share to oversize or help them implement. They are currently working on the Arizona Avenue to Gilbert Road design. The basins that were defined along there are a critical piece. We are discussing in-house where we are going to go with that and whether there is an opportunity with the cost share partners to do anything with it. Their time frame, however, is very short, so our decision needs to be pretty quick on whether we can participate in that. *Patel:* For us to step up to the table with them means we have to go through our own CIP program to get those projects funded in order to come up with our cost share?

*Phillips:* That's correct, and develop cost share and IGAs to support them.

*Saager:* You indicated that the City of Mesa was not enamoured with this project. Have we encountered any communities that have really not wanted to participate and how has that gone in the past? What is the history on that?

*Ellegood:* The fundamental rule is we don't go where we're not wanted. If a community doesn't want to participate, then we give them the information and we go away. In terms of committee involvement, Tim has had extensive involvement with the affected communities along there. The key issue is cost share. In the City of Chandler, there is a strong feeling at the policy level that they shouldn't cost share in any of this. This direction is substantially different than the direction we received both from this body and from our Board of Directors. It remains an issue to be negotiated.

*Saager:* Can we still accomplish this without going through the City of Mesa?

*Ellegood:* Yes. As Tim pointed out, there are three separate reaches, each of which is virtually independent. There are three segments as you move from north to south. Each one has a unique series of conditions and a unique solution.

*Cherrington:* What you are saying, Mike, is that in the Mesa section, their recommendation is to buy out those homes. Mesa doesn't want to play, so they're not going to buy out the homes – they just leave them? Those homes stay in a floodplain without any flood insurance.

*Saager:* I just bought a home in that area and own quite a bit of property up there. The City of Mesa has tons of money right now; are we sure that they just don't want to get involved in a Doubletree issue? The northeast part of Mesa is becoming a mini Paradise Valley. Do we want to get into these real urbanized areas and go through the politics that we went through in Paradise Valley? I would be highly surprised if their only issue was cost share knowing that part of the valley as well as I do.

*Ellegood:* Several years ago we picked up the drainage administration for Mesa because of some issues in that area where homes had been built up against the canal and there were, in fact, homes with basements. We project there is four feet of water, potentially, that could pond up against those homes and consequently damage them. The credibility of our flood maps has been debated. Fundamentally, I have a duty to warn and nothing beyond that. If I've warned the city and the community that people are in harms way and we've made recommendations to them, they can accept it or not. I certainly would not want to originate a major CIP project in any city without the full support of the community. Right away, going through the door, you'd get into a Paradise Valley situation.

*Saager:* I know Circle G Ranch has a couple of things on the table and they look at themselves as a highly sophisticated type community like Paradise Valley and I don't know if we have somebody that's coordinating a lot of this before we go in there. It seems to me that we don't need too much more negative press. These are probably issues we should talk about when we have our seminar, but I feel strongly that we are going to keep getting ourselves into more hot water if we keep going after some of these planned communities. It's no longer the starter homes

in some of these areas that this Higley Master Plan is going through. There are some pretty expensive neighborhoods going in over there.

*Ellegood:* I did note, and I should recognize at this point, Bryan Patterson from the City of Chandler is in the audience. If I may ask Mr. Patterson if he has any comments he would like to make on this issue.

*Patel:* I know Bryan's filled out a form that he would like to speak on Item 8, but if you'd like to speak on this item as well.

*Patterson:* I would like to clarify our position on funding. I don't think it's quite as harsh as Mr. Ellegood stated. I don't think we are saying that we are adamantly opposed to any cost sharing to get this thing done. What we are saying is that we don't have a cash source to do that right now. Our only cash source is the property tax levy that our residents pay to the Flood Control District. Beyond that we don't have any funds allocated for this kind of work. I've typically required developers to dedicate property. We have park areas in this area that we want to make a joint use and combine that with Flood Control District work. We could put money in that way. Looking at land dedications and joint use facilities. There are areas where we maintain the facilities if they are joint use. So we are looking at some of the soft matches to make these things happen. It is not across the Board that we do not want to participate – we would like to do that. We do see opportunities to do that, but those opportunities are going away real quick. I've got lands developing along the Consolidated Canal; every day homes are going up in that area. Our general philosophy in Chandler is that growth pays for itself and what we are looking at is something that is going to benefit growth in our community. The way we fund growth in our community is through impact fees. We are probably one of the most aggressive communities in the valley for assessing impact fees on new developments. We have had discussions about impact fees for generating cash for this project. Unfortunately, it takes time to do that. There is a very lengthy technical process we have to go through to justify collecting the money. There is a big public participation process we have to go through to make the public understand what we are doing and why and getting their agreement to do it.

**ACTION:** It was moved by Mr. Cherrington and seconded by Mr. Ward to approve staff recommendation. The motion carried unanimously with the exception of Mr. Martin who abstained for cause.

#### 4) LAVEEN AREA CONVEYANCE CHANNEL UPDATE

Tim Phillips, Project Manager, presented this item to provide an update on the overall development of the Laveen Area Conveyance Channel and to present the principles for an IGA between the public partners in the project.

Participants in the Intergovernmental Agreement will include the Flood Control District, City of Phoenix, Maricopa County Department of Transportation (MCDOT), and the Salt River Project (SRP). Total project cost will be about \$26 million. Mr. Phillips is looking to bring the IGA for endorsement to the Advisory Board in March.

#### Discussion:

*Cherrington:* The 43<sup>rd</sup> Avenue Basin is connected to this project?

*Phillips:* Yes.

*Cherrington:* Doesn't that collect water runoff from east of 43<sup>rd</sup> Avenue?

*Phillips:* It does.

*Cherrington:* I thought the agreement that we had before for the project was that 43<sup>rd</sup> Avenue stopped everything at 43<sup>rd</sup> and took it north?

*Phillips:* That is a true statement if all the features that were identified in the South Phoenix /Laveen ADMP were implemented and that none of the water would pass 43<sup>rd</sup>. The reality is that it won't happen for awhile. Right now the other required basins are not even in the City's bond issue, so what we are doing is hedging the bet. If we can get the 43<sup>rd</sup>/Southern Basin in, it will pick up some of that water. Also, it reduces the right-of-way requirement. If we left that basin out, the right-of-way requirement for the channel was great. So by incorporating that basin into the project, it essentially reduces the cost, and the cost of that wider-width channel is pretty close to what the cost of the basin was going to be.

*Cherrington:* The flip side is that if it were done east of 43<sup>rd</sup> Avenue, the take would be smaller?

*Phillips:* If all the features east of the 43<sup>rd</sup> Avenue basin were there, the channel could be smaller. The guidance in this has been that when we finish the channel and it rains the day after, we need to make sure the water is contained within the channel. Not knowing when those other features are going to be built is the safety issue.

ACTION: No action was required – for information and discussion only.

7) FY 00/01 SECOND QUARTER RESULTS

Joe Young, Chief Financial Officer, gave an update on the FY 00/01 Second Quarter Budget Performance. The District is right on target with the tax revenue as well as expenditures up through December 2000.

ACTION: No action was required – for information and discussion only.

6) PROPOSED FY 01/02 BUDGET

Joe Young, Chief Financial Officer, presented the FY 01/02 Budget by comparing the proposed 2002 budget to the 2001 budget. For the past three years, the District has been held at a tax revenue level of \$45 million. In that period of time, the Supervisors have been able to reduce our tax rate by almost nine cents for each \$100 of assessed evaluation. This year, the District is going to propose to the Board of Directors that they hold the tax rate at the current level. If they are able to do that and with the increase in the assessed evaluation for the next fiscal year, it will generate a little more revenue for the District. The carry-over has been on the down-slope for the past several years, and getting to the point where there is not much left in the fund balance to pick up any slack.

The proposed budget shows tax revenue of \$50 million (59%), local participation will account for about \$22 million (26%). With the reduction in the fund balance, the interest earned will be drastically reduced. Land income (both rentals and leases) and excess land sales will approximate \$10 million (12%). The floodplain/drainage licenses and permits is projected to about \$1.5 million (2%), which will reflect the new rate schedule that was put into effect with half the increase starting last July and the other half began this January. The proposed revenue totals \$94,612,085.

The expenditures have increased just slightly. The operating expenditures, which include personnel services (14%), supplies & services (15%), and capital outlay (equipment, vehicles, computers) (2%), total just under \$23.5 million. The total CIP, including personnel services, supplies & services (engineering contracts) and capital outlay (defined projects), is about \$57 million (69%). Mr. Young proposed that the District go out of the FY 2002 with a fund balance of approximately \$11 million, which is about the amount the District needs to operate the first four months of the new fiscal year before the tax revenue starts coming in.

Discussion:

*Saager:* Is it pretty consistent with other municipalities and counties for Supplies & Services to match Personnel? The overhead has to be huge with these buildings.

*Young:* That does include the overhead for the building, and that is the way it's been running for us the past number of years. I really cannot speak to what it is for other counties, I've not been broached with that question before, so I have really not investigated that.

*Saager:* To me that would be a pretty standard thing that people would want to know. It would surprise me if you didn't know if that was pretty much a common amount for both Supplies & Services and for Personnel. Is the Personnel category primarily payroll?

*Young:* Personnel Services is primarily payroll, but that includes the fringe benefits – vacation pays, medical & dental insurance, etc., which are, in fact, payroll costs. I want to point out that a lot of the work that Tim is doing in the planning area and the delineations, etc. are also included in the Supplies & Services area, under the contracts that we let to consultants for those planning studies. I don't want to imply that it's just a whole bunch of supplies or anything like that. Everything that is included in the Supplies & Services category is supplies – all of the things we use for maintaining the structures (weed whackers, chain saws, etc.) is included in there, and then, as I mentioned, the contracts that we let to the consultants for those studies. Other things that are included in there are the overhead factors – telephones, lights, travel, utilities, etc.

*Saager:* Maybe when we have this forum, it might be something we can put on the agenda.

*Young:* I'd be happy to present that type of material to you. In the meantime, I can check with other counties to see what their ratios are.

*Patel:* It would be tough to compare if the consulting costs are wrapped in them. The consulting costs are part of the CIP. If you didn't have the CIP, you wouldn't have those costs.

*Ellegood:* Some of the consulting costs are in the CIP and some aren't. I've not compared that number, but I have done other things based on my experience in the private sector. That is to take a look at what our overhead rate is. Our overhead rate is about 167%, which basically reflects 167% of direct payroll. We have a fairly sophisticated accounting system, and we can tell you how much it costs to maintain a mile of ditch – or a mile of the ACDC or the EMF – how much of that is in labor and how much is in supplies and services. From what I can tell, we're doing fairly well. One hundred sixty-seven percent is a little higher than I would like as a consultant, but we deal with procurement rules that are onerous. We deal with merit rules and personnel stuff that in the private sector you never had to deal with. On balance, that really doesn't appear to be too bad. I do think, though, that the point you brought up of what these ratios look like with other counties. We can get an apples to apples comparison and it is certainly worth doing. As we pointed out, some of the consulting services are tucked into supplies & services and some are tucked into something else.

*Saager:* I look at my role as a member of the Board to kind of be a check and balance, and if we can maybe trim your expenses by \$500,000 or \$1 million, I'd venture to say that if it was your business, you would check with your competition. I want you all to take this in the spirit I'm delivering this. You are one of the best administrators I've ever worked with, and this is the ninth board I've served on. I'm not questioning your integrity or the staffs', but for us to basically sit here and rubber-stamp everything that has ever been put through this Board, which is essentially what's happened since I've been on here (except for the Doubletree project). I just think we should have a bigger role. We're all sacrificing time and energy to come here every month and I think these things need to be looked at a little closer.

*Ellegood:* It's certainly more than welcomed.

*Saager:* I hope the fellow members of the Board, again, take this in the spirit that I'm giving it. I think every \$100,000 counts, whether it's my money or the tax payers money.

*Ellegood:* Where we're going to have a challenge in getting our budget approved by our Board of Supervisors is in the increase from \$45 million to \$50 million. As Joe points out, it means

keeping the Secondary Tax Rate constant for this year, whereas in the past several years it's gone down (I think by nine cents). That's going to be a challenge for us, it's a battle we will fight with good data. You may get calls from the Supervisor that you represent, so be ready for it.

*Saager:* Should we try to have that meeting that we propose before all this goes to the Supervisors, so we can at least not be hit blindsided?

*Ellegood:* It's probably too late for that. I think it's going to hit one way or the other in the next week or two. I do think we should try to move ahead with this retreat that you suggest, I think it's a good plan.

*Martin:* Where is the other \$5 million in tax revenue coming from?

*Young:* We hope that it will come from the tax levy.

*Ellegood:* It reflects keeping the tax levy at the same rate.

*Young:* It will come from an increase in the assessed valuation.

*Patel:* How many years have we had this constant \$45 million with the declining rate?

*Ellegood:* Three years. In 1997, I was asked as the General Manager to put together a fiscal plan that would reduce the Secondary Tax Rate by a total of five cents over five years.

*Perreault:* At that meeting in 1997, they originally asked us what the impact would be if we were to reduce the tax rate by five cents over some period of time. We looked at it using the assessed valuations at that time and said we could reduce our tax rate by seven cents over five years. What has actually happened, is during the last three years, our tax rate has been reduced almost nine cents. That's reflected in the assessed valuations going up much faster than what was projected back in 1997. If we can hold the tax rate constant at \$0.2534, which is where we are today, with Elliott Pollack's latest projections on what the assessed evaluation will be for the next fiscal year, that will generate roughly another \$6 million.

*Cherrington:* You've been limited the past three years by the \$45 million limit, but the tax rate changes as growth occurs. Now you are asking to hold the tax rate constant for one year, which means a \$5 million increase in your budget. My questions is, are you are doing that because your carry-over amount is diminishing?

*Young:* Yes.

*Cherrington:* How much has it gone from, and what is a recommended level? What is it that you need and why do you need that much?

*Ellegood:* The recommended carry-over is about \$11 million and is enough to handle the first quarter of the new fiscal year. Our carry-over in 1999 was \$36 million.

**ACTION:** It was moved by Mr. Martin and seconded by Mr. Cherrington to approve staff recommendations. The motion carried unanimously.

## 8) PROPOSED FY 01/02 CIP BUDGET AND FIVE YEAR CIP

Dick Perreault, CIP/Policy Branch Manager, presented the current year CIP, projections for the remainder of the year, proposed CIP for 2001/2002, and the challenges being faced.

The approved budget for the 2000/2001 CIP is \$67.9 million and is broken down into five categories: Planning & Design (10%); Rights-of-Way (20%); Construction (64%); Personnel (4%); and Contingency (2%).

Mr. Perreault went over the major construction projects to be completed this fiscal year and the major CIP projects initiated in FY 00/01. He went on to talk about the CIP challenges that the District will face.

Growth is definitely a challenge as far as getting ahead of it and being able to construct projects to provide for the growth that is coming. A way that the District can get ahead of growth and

possibly reduce the structural projects needed in the future is through planning efforts. In the last two years, these efforts have been significantly increased. The Floodplain Delineation Program has been included in the planning efforts.

CIP funding is another challenge. Getting the revenue needed in order to do a program to try to keep up with growth is going to be difficult. The proposed budget that was submitted for the CIP is based on the District getting the increased funding. If the funding is not received, the CIP will need to be revised, moving it downward for next year to accommodate the \$45 million tax revenues. .

A large portion of the CIP is contingent on the District's partners and their ability to cost share with them. Cost share includes in-kind services, rights-of-way, design, etc. Those types of costs are not reflected in the District's CIP. The District's goal is to have 50/50 cost sharing and at least 35% cash reimbursement.

Mr. Perreault talked a little bit about decision that need to be made. The Doubletree Ranch Road Drainage Project, although it was not recommended by this Board, was sent to the Board of Directors and for four or five months now the IGA has been held up. The District started the year anticipating that \$3.7 million would be spent on this project this year. The District is still showing about \$100,000 if the IGA is approved, with the bulk of the work occurring next year and the year after. If that IGA is not approved, or a decision is not made soon, there will be \$10.4 million in the budget for next year for construction of the project with reimbursement of about \$3 million coming back from the Town of Paradise Valley. The District needs to buy some rights-of-way for the Laveen Area Conveyance Channel. The project is scheduled for this year amounting to \$0.5 million. If that IGA doesn't get signed soon, the money will probably get carried over to next year. If the IGA doesn't get signed, the District has an exposure of about \$8.9 million in next year's budget. There is \$3 million identified for the rest of the fiscal year for the Phoenix Rio Salado, Phase II project with another \$7.5 million identified for next year. If the District does not come to an understanding with the City of Phoenix on how to proceed with this project, another \$10.5 million will get carried over. Overall, there is a total of about \$30 million over the rest of this year and next year that is waiting on decisions to be made.

Other challenges being faced are unilateral flood control projects. These are projects that the District does not currently have a partner, but hope to have one in the future. None of the significant costs to rebuild or replace major structures that fall within our Structures Assessment Program is currently in the District's CIP. This could amount to \$100 million.

Currently on the list of projects submitted by the cities for inclusion in the CIP, there is over \$100 million of projects that are not reflected in the proposed Five-year CIP.

#### Discussion:

*Patel:* In terms of the issues you are waiting for answers on, is there anything this Board can do to help in that? We've already addressed all three of those projects. I'm not that aware of what is going on with Rio Salado.

*Perreault:* We have an agreement with the City of Phoenix for doing the flood control components for the Phoenix Rio Salado. Our agreement caps us at \$11 million. Because of the landfill materials that were found in the river that are in the way of building the low flow channel, the estimate now to do the work ,that we thought we could do for \$11 million, is probably going to cost closer to \$18 million. Our position is that we entered an agreement with the City to build the low flow channel, not to clean up landfills. The City has requested that we absorb more of those additional costs. At this point, there has been no decision made on how we are going to

proceed. We are finishing up Phase I. There is about \$1.5 million to \$2 million worth of landfill materials sitting on the bank that needs to be processed. Then we still have the Phase II work that needs to be done, about another \$6 million worth of work. Phase II will not start until this decision is made because if we were to let the Phase II contract, we are going to run out of our money before that contract is completed.

*Martin:* Didn't we budget \$11 million for the project and the contract came in at \$6.5 million?

*Ellegood:* It came in at \$6.7 million for Phase I. We budgeted \$11 million for Phases I & II. If we had not encountered the landfill issue, we believe we could have constructed that channel for the \$11 million that was budgeted. But with the landfill issue out there is a big question – whose responsibility is it to clean it up.

*Martin:* I never heard of a Phase I and Phase II. It was a project for a low flow channel that cost \$11 million. Everybody bragged that the bids came in at \$6 million because they were selling the material that they were getting out of it to the Sand & Gravel people, which made sense to us. I never heard of Phase I & II.

*Ellegood:* It was bid in two phases, just the length of the river, length of the reaches. I may have mistakenly mislead you myself because I thought this was in one phase as well, but it turns out there was another phase, but we could do it within the budget.

*Patel:* If you are waiting on answers, can this Board help in any way on that particular issue?

*Ellegood:* This issue actually goes beyond strictly flood control. We have prepared an agenda item because of what we felt the urgency was and because the City of Phoenix conveyed their sense of urgency. We put together a Board Agenda Item, by asking the Board to direct us to enter into an agreement to either cover the entire overrun or split the cost of the overrun – we gave them a choice. The Board did not like the option. The City of Phoenix has had a series of meetings with our Board and the issue is still up in the air. I don't think there is a whole lot this Board can or should properly do. It's above us now, where it needs to be and presumably they will deal with it.

*Bryan Patterson, Deputy Director, Public Works, City of Chandler:* First, I'd like to express our sincere thanks to this Advisory Board, the Board of Supervisors and District staff, especially Dick Perreault, Mike Ellegood, and Tim Phillips, for the partnership we've worked on in the last year for our downtown area drainage system. It's a project that is on your summary sheet and is being proposed in the new budget. This is a 50/50 partnership between the City and the County. The City is taking the lead in designing, building, and maintaining the system. The City is putting the cash up front and getting a reimbursement from the County. The City did submit some projects that are not included in the Proposed CIP. They include the advanced rights-of-way acquisition for the Higley Area Study. As I mentioned, that vacant land is disappearing rapidly and if we don't get out there and buy that land soon, the opportunity is going to be gone. I came in to plead our case today to allocate some money early for that land acquisition for that project. I did note that there is a line item proposed for funding for Gilbert/Mesa for the Higley Area Drainage Master Plan. The first request could be done fairly easily, and that is to add Chandler to that and keep the door open for partnerships.

*Perreault:* That is actually a different study that is outside the City of Chandler.

*Patterson:* We are looking for some allocation of money to keep the options open and keep some flexibility for this Board and the City of Chandler to develop a partnership in the early years of it's budget. I also wanted to encourage that some money be set aside for the Santan project with ADOT. I did not see any money recommended for funding with ADOT. That project is going to happen, and I think it's important that money be set aside for partnership on that. In prior years the tax levy has been capped at \$45 million and now staff is recommending that you hold the tax levy where it is and get additional funding in the amount of \$5 million for the next budget year. The City of Chandler supports that and will be behind any County lobbying effort that is needed to maintain that tax levy. The reason for that is that the reduction of the levy has had an impact that has not been favorable for the cities or for the taxpayers of this County. What has happened

by going that route and reducing the levy, has reduced the amount of money the District has for flood control projects. You don't have enough money as it is, so that's pushed everyone in the direction of the policy of requiring the cities to put in cash to this program. What that does is two things. It causes the cities to have to increase their taxes to keep participating; the tax reduction is being offset by a tax increase at the city level. It's also adding time to these projects. It can literally take years to get a funding arrangement worked out with the cities to get these things done. In the meantime, costs are going up and opportunities are going away, especially in the area of rights-of-way. The end result is the projects are more expensive and they get delayed. So there is not a benefit to anybody by seeing further erosion of that tax rate.

*Cherrington:* The window of opportunity that's passing right now in acquiring properties in the Higley ADMS in Chandler, are you suggesting that the Flood Control District would up-front purchase those properties now, absent monies that can be committed by Chandler to participate in a joint effort?

*Patterson:* For those where we can't get a land dedication, yes. If we have the opportunity through a planning process to get a dedication we certainly would work with the County to do that. There are many instances where we don't have that ability. In areas outside the city, maybe land in unincorporated areas that's going to be developed and there is nobody out there that can partner with the County, so you're going to have the bulk cost responsibility to buy that land. We need that provision.

*Cherrington:* It seems like you are waiting for them to commit something and they are waiting for you to buy the land.

*Patterson:* That's part of the dilemma, the way this is set up is like a catch-22. We went to the voters last May for a bond election. We normally do our bond elections every three years, so we are two and a half years away from going to the voters to get more money to do something like this.

*Martin:* Probably the good news of that is the opinion of the land developers is that we've seen the peak of the price of land and that it may be turning the other direction now. With the economy slowing up the way it is.

*Saager:* Is Supervisor Kunasek or Supervisor Stapley now in the Doubletree district? I've talked to both of them, and both of them say the other guy is.

*Ellegood:* My understanding is that the boundary of the district is the centerline on the Doubletree Ranch Road. They are both in it.

*Saager:* It's embarrassing when their constituents are calling me at home and at work, several of them in just the last month, saying the same thing. When I call and talk to the Supervisors' assistants, one says Supervisor Kunasek has the entire Doubletree project and the other says just the opposite. To me it's a little embarrassing as an Advisory Board member that I can't answer that. I'd appreciate it if we could get some clarification of the boundary since they have recently changed. I think Doubletree is a dead issue, from a recent telephone conversation that Michael and I had. The Advisory Board voted Doubletree down and certainly with Supervisor Brewer in there, I can't see her bringing that back to the table. Let's get the money back, refund the money to the others and move on.

*Ellegood:* I think you are on target. The Board of Directors can override the Advisory Board if they wish. I see no indication that there is anyone down there that's willing to bring this forward. At this juncture, in spite of the fact that I still feel there is a need for the project, I don't see it moving forward in this next fiscal year. I don't think all was lost, nothing is depending on this project. If we don't build it for three years, and suddenly there is a demonstrated need and people want it, we can pull out the plans and go to construction.

*Saager:* Rumor had it that Supervisor Stapley was considering bringing this to the Board of Supervisors, but since he was not elected Chairman and Supervisor Brewer was, and from conversations I've had with her people, she has no interest in this project. Why not clean that one up and check it off the list?

*Perreault:* All I want is a decision to put this project in our CIP or take it out.

*Saager:* Can we get involved in something like this with the Supervisors? We don't want to rain on your parade, but it seems like there is so much politics in a lot of this stuff. I don't mind getting involved and calling them and asking them to move on with it. Is that out of our realm of a job description?

*Ellegood:* Not at all. I'd be delighted if you would talk with Supervisor Stapley or let's just let this one go away.

9) COMMENTS FROM THE CHIEF ENGINEER AND GENERAL MANAGER

Mr. Ellegood mentioned that the City of Scottsdale City Council voted down the Desert Greenbelt Project. He felt very strongly that this was certainly one project in the County that there was a demonstrated need for. He has stated publicly that there are 6,800 homes that were permitted there in an active alluvial fan. This alluvial fan poses a well-known and well-documented danger. He and others with a technical background believe that it's simply a matter of time before a real disaster can occur in that community.

Mr. Martin stated that if the City Council voted it down there is nothing the District can do. Mr. Ellegood agreed with this. He said that the District has fulfilled its duty; the District has a duty to warn and have provided that warning. When dealing with 6,800 people and their homes and possessions, etc., the issue still needs to be pursued. The City of Scottsdale is regrouping; there is some analysis that there was insufficient public involvement at the start of the project. Mr. Ellegood indicated that the District is not certain where they are going to go from here, but they will need to put together a follow-up plan. Someone suggested that maybe a better flood warning system would provide some mitigation. Mr. Ellegood opined that that's kind of like blowing the whistle of the train before it hits the car stuck on the track because there will not be enough time to do anything meaningful.

Mr. Martin asked if this would show up on a Title Report. Ms. Lemmon responded that she doesn't think it would show up unless they are in a delineated floodplain, which doesn't show up on a Title Report anyway. That's a disclosure that realtors are supposed to make. Mr. Patel mentioned that Tim Phillips made a comment earlier about the Resolution showing up. This was the first time he had heard about that and wanted to know how that works. Ms. Lemmon responded that when the Resolutions are recorded, because they are an official act of the Board, and the language in there basically functions like a Liz Pendenz would if litigation is being planned over a piece of property. It's recorded and has the section numbers in there. The problem is that because it is done by section, everybody in that section that is buying a house sees it and calls up and wants to know if they will be affected, and really it's a very narrow area. Because there is no legal description that is defined enough, it is done by the big sections. The people do have notice that something is going on and they can call up and find out what's going on. Ms. Lemmon does not believe there was a project Resolution that covered all that area up there. If there was, then something would show up on the Title Policy, if there weren't there isn't. Ms. Lemmon said she could check into that and tell if there was a Resolution that impacted those areas. Mr. Patel mentioned that once the study has been done, that's a way of getting word out. Ray Dovalina indicated that when a house is being bought or sold, a title search is going to be done and the due diligence of the title search is to check with the community. If that community were participating with FEMA's Community Rating System, if that floodplain is designated as an alluvial fan or floodplain, the City in turn would have to tell the title searching company that it is in the floodplain. That's where it's stated. Ms. Lemmon mentioned that that is not a recorded document.

Mr. Ellegood noted that on October 22 there was a major storm event in the Town of Aguila. Many homes were damaged or destroyed. The District learned in early December that those folks could be eligible for FEMA relief money that would allow their home to be relocated. The District applied for that money and learned today that they will be receiving three-quarters of a million dollars to mitigate about a million dollars worth of damage up there. Representatives of the District are headed up there for a community meeting to talk about buying out homes that have been flooded and relocated. Mr. Martin asked if this was all in our County. Mr. Ellegood replied that the area of flooding was basically Centennial Wash, which runs from Maricopa County into La Paz County. There was a similar grant given to the Community of Wenden that was also damaged. Both Wenden and Aguila got this money. Mr. Ellegood remarked that it took an extensive amount of effort by about 40 District staff that literally worked nights and weekends over the Christmas holidays to get this grant application in on time. The District actually got the forms and learned about all the procedures and processes on December 22 and it was due January 5. The document he signed off on was two four-inch loose-leaf volumes full of pictures, measurements, title reports, etc.; a very complex application. The District was able to do this thanks to Kris Baxter, Writer/Public Education Coordinator for the District. Mr. Patel remarked that this is good news and thanked all that participated.

Mr. Patel suggested that for the special meeting, Dick Perreault give a summary of what we do currently for the CIP process. Following that, discuss how better to do the prioritization and get some ideas from the other Board members. Mr. Ellegood added that an agenda needs to be determined and that Dick needs to be a key part of this topic. He further mentioned that it's clear that changes in the economy that are occurring have not affected the District yet. He noted that Mr. Saager's points were really on target. If the District is going to make a course adjustment, thought needs to be given to how they are going to do that now before it does begin to affect them. Emphasis and resources need to be put where growth is expected to occur, not in places where growth is going to slow down. Mr. Patel asked the members of the Board to forward ideas on what should be on the agenda for the special meeting to Mike Ellegood or Kathy Smith.

10) SUMMARY OF RECENT ACTIONS BY THE BOARD OF DIRECTORS

Mr. Ellegood mentioned that the actions of the Board of Supervisors are included in the FCAB packet.

8) OTHER BUSINESS AND COMMENTS FROM THE PUBLIC

There was no other business or comments from the public.

The meeting was adjourned at 4:35 p.m. by general consent.

---

Mike Saager  
Secretary of the Board

---

Kathy Smith  
Clerk of the Board